

# Instructions for Form 541-A

## Trust Accumulation of Charitable Amounts

### What's New

**Round Cents to Dollars** – Beginning with the 2007 tax forms, round cents to the nearest whole dollar. For example, round \$50.50 up to \$51 or round \$25.49 down to \$25. If you do not round, Franchise Tax Board (FTB) will disregard the cents. This change helps process your returns quickly and accurately by providing consistency with the electronically filed returns.

### General Information

In general, California law conforms to the Internal Revenue Code (IRC) as of January 2005. However, there are continuing differences between California and federal law. When California conforms to federal tax law changes, we do not always adopt all of the changes made at the federal level. For more information, go to our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov) and search for **conformity**. Additional information can be found in FTB Pub. 1001, Supplemental Guidelines to California Adjustments, the instructions for California Schedule CA (540 or 540NR), and the Business Entity tax booklets.

The instructions provided with California tax forms are a summary of California tax law and are only intended to aid taxpayers in preparing their state income tax returns. We include information that is most useful to the greatest number of taxpayers in the limited space available. It is not possible to include all requirements of the California Revenue and Taxation Code (R&TC) in the tax booklets. Taxpayers should not consider the tax booklets as authoritative law.

### A Purpose

Use Form 541-A to report the charitable information required by R&TC Section 18635.

### B Who Must File

A trustee must file a calendar year Form 541-A for a trust that claims a charitable or other deduction under IRC Section 642(c) or for a charitable or split-interest trust. However, Form 541-A is not required for any taxable year if the trustee is required by the terms of the governing instrument and applicable local law to currently distribute all of the income of the trust for such year.

A charitable trust is a trust which:

- Is not exempt from taxation under R&TC Section 23701d.
- Has all the unexpired interests devoted to charitable purposes described in IRC Section 170(c).
- Had a charitable contribution deduction allowed for all the unexpired interests under the R&TC.

A split-interest trust is a trust which:

- Is not exempt from taxation under R&TC Section 23701d.
- Has some of the unexpired interests devoted to one or more charitable purposes as described in IRC Section 170(c).
- Has amounts in trust for which a charitable contributions deduction was allowed under the R&TC. Pooled income funds, IRC Section 642(c)(5); charitable remainder annuity trusts, IRC Section 664(d)(1); and remainder unitrusts, IRC Section 664(d)(2), are considered split-interest trusts for which the trustee must file Form 541-A for the taxable year.

Simple trusts which received a letter from the FTB granting exemption from tax under R&TC Section 23701d are considered to be corporations for tax purposes. The trust may be required to file Form 199, California Exempt Organization Annual Information Return.

Nonexempt charitable trusts, described in IRC Section 4947(a)(1), must file Form 199.

### C When to File

File Form 541-A on or before April 15, 2008. However, if you need additional time to file, California grants an automatic six-month extension.

If the tax return is filed by the 15th day of the 10th month following the close of the taxable year (fiscal year) or by October 15, 2008 (calendar year), the extension will apply.

### D Where to File

Mail Form 541-A to:

FRANCHISE TAX BOARD  
PO BOX 942840  
SACRAMENTO CA 94240-0002

### E Internet Access

You can download, view, and print California tax forms and publications from our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov).

### Specific Instructions

#### Private Mail Box

Include the Private Mail Box (PMB) in the address field. Write the acronym "PMB" first, then the box number. Example 111 Main Street PMB 123.

### Part II and Part III

Attach a statement describing in detail the purpose for which charitable disbursements were made from income set aside in prior taxable years and amounts which were paid out of principal for charitable purposes.

Examples of appropriate descriptions are:

- Payments for nursing service.
- Laboratory construction.
- Fellowships.
- Assistance to indigent families (not simply charitable, educational, religious, or scientific).

### Part IV

If the balance sheet does not agree with the books of account, all differences must be reconciled in an attached statement.